

# Development Planners, Ethics and Objectives<sup>1</sup>

by Gustav F. Papanek<sup>2</sup>

Technicians prefer to avoid discussion of the moral basis of their professional work. It is all too likely to reveal fundamental differences within the profession, where it does not reveal complete lack of concern or absence of thought. The professional development planner finds it more difficult than most other professionals to evade the moral basis of his role, since his work so obviously is related to fundamental decisions about the objectives of a society.

I am here concerned with the role of the technician in development planning, whether he be foreign or indigenous, not the political role of the same individual. The distinction between the role of the technician and the same person in his political role is, to my mind, much greater than the difference between foreign and indigenous technicians. I am not suggesting that the technician is absolved from all moral judgment, but that the principal moral question which he faces is whether to work for a particular government or not. As a technician or professional, an individual can work for a government because he feels that his objectives are shared to a significant degree by that government and working for it can achieve the shared objectives more efficiently. At the same time, he can regard the government as far from ideal and in his political role would like to see it replaced by one with which he shares a wider range of objectives.

An example may help. An Indian economist, if he is a socialist, may vote for a socialist party, contribute to it and, as a citizen, work to have it replace the Congress Party government, because he shares the objectives of that socialist party. However, he may share enough of the objectives of the Congress Party and may regard it as providing a morally acceptable government and may therefore be willing to work for a Congress government in a technical role. Another example would be the foreigner who accepts a professional role in a government whose objective of achieving higher growth he shares, but who would not advocate increased aid to that government when he returns home, since he regards an

---

<sup>1</sup> Essentially the transcript of a talk billed as a "provocative introduction" to a discussion at the Quantitative Workshop at Harvard University.

<sup>2</sup> Gustav Papanek was until recently Director of the Harvard Development Advisory Service, and Project Field Supervisor in Pakistan.

alternative government as preferable. The rather narrow moral issue which the technician has to decide is the extent to which his objectives and those of the government have to be similar before he is prepared to lend his professional talent to that government. In his political role he has to decide as well whether to support that government in the political arena.

Once a professional economist has decided to work for a government, it has been widely assumed that one of the most serious problems he encounters is a decision on the objective function which the planning agency is trying to maximize. The difficulty is supposed to arise especially with respect to the trade-off between growth and equity. While this is an important and difficult issue, there are three reasons why its significance is often overstated.

First of all, many governments have clearly opted for the primacy of one of these objectives over the other. Therefore, the only question which the technician faces is whether he should help the government achieve the objective function which it has clearly set for itself or not. Practically, every government would, of course, claim that it wants to achieve both growth and equity and the claim may well be genuine. However, the actions which governments have taken and are prepared to take often demonstrate quite clearly whether they are in fact prepared to sacrifice growth to any significant degree in order to achieve equity, or vice versa. Most governments pay lip service to both objectives, but they have given overwhelming weight to one or the other. The technician, the economist, or planner really is not faced with the question of how to weigh these two objectives, since the government has given him a clear answer.

In Burma, for instance, equity has been defined principally with respect to the economic relationship between Burmese and non-Burmese (primarily Indians and Pakistanis) and the government clearly has opted for the primacy of equity. It is prepared to tolerate even a decline in per capita income in order to achieve Burmese control of the economy. It is difficult to conceive of an economist or planner, whether Burmese or foreign, who is likely to have any profound impact on that decision. The same thing would be true of Cuba, or of Sukarno's Indonesia or of Tanzania. It is difficult to conceive of an economist, whether Cuban or foreign, saying to the Cuban government: what you have done has obviously had bad consequences for growth; you ought really to re-introduce foreign investment and pay the cane cutters by the amount of cane they produce, and then you can get a higher rate of growth. It is an implausible picture. On the other hand, in Pakistan, or Thailand, or the Philippines governments may have stressed the importance of equity, but the actions that have been taken made clear the primacy of growth. In Pakistan, the government stressed, for instance, the importance of equal economic development in East and West Pakistan, but there were powerful vested interests pressing for greater allocation to West Pakistan, and technicians inevitably had little influence on allocation between the Provinces. Given the political forces in most

countries, an economist can participate effectively in decision-making only if he accepts the principal objective of the government and helps the government to implement it more efficiently.

In all countries there are some gray areas, areas of uncertainty, where powerful, clear-cut interests are not involved, where a trade-off may be possible between growth and equity and where the political leadership of the country may pay attention to the views of the technicians. But normally this gray area is relatively limited. There may also be a few instances where the issue really has not been decided. An outstanding example is Malaysia. One group argues strongly for the primacy of growth, since all social problems will be aggravated by increasing unemployment which would result from a lower growth rate. Another group suggests that what really matters is a more equitable distribution of the fruits of the economy between Malays and Chinese. In that kind of situation, the views of the technician-economist on the costs and benefits of the alternatives might make a difference, but these are the exceptions. Generally, the conflict between growth and equity, or more broadly the construction of an objective function is not as difficult as sometimes assumed, because goals are clearly revealed by the political leadership.

Secondly, the politically set objectives are very often quite defensible in moral terms, so that most technicians can accept them without too many qualms. This is the result in part of the tendency for the politically determined objectives to reflect the failures of past policy. When an economy has achieved rapid growth and a reasonably high level of per capita income, accompanied by very unequal distribution of income and wealth, the political leadership tends to give emphasis to equity. Cuba, Peru, East Africa are outstanding examples. On the other hand, countries that have experienced stagnation in per capita income, especially if that stagnation was in part the consequence of unsuccessful government intervention in the economy in order to achieve equity, tend to emphasize growth. This was true of Pakistan in 1959, of Ghana after the overthrow of Nkrumah and of Indonesia after the overthrow of Sukarno. It is not surprising that governments often respond only to a failure of a previous set of policies. Governments very rarely deal with projected prospective problems. For instance, less developed countries are naturally reluctant to focus on problems of the environment and ecology, just as they rarely focus on equity, when they have failed to achieve growth and vice versa.

The third reason why the decision on an objective function may not be too difficult is that there often is no substantial and direct conflict between growth and equity once the general political-economic framework has been decided, be it a mixed, or capitalist, or socialist economy.

An example can be drawn from one of the many mixed economies where ownership is primarily private, but the government plans and intervenes substantially, though primarily, through fiscal, monetary

and commercial policy. Such economies are often acknowledged to be favourable to growth, but criticized as unfavourable to equity. Generally, three factors determine whether a more equitable distribution of income is achieved within the political and economic framework of such a society. First, whether it is possible to reduce the price of wage goods or goods of mass consumption, which often largely determine the real wages of all who sell their labour. In a labour surplus economy their money wages tend to change very slowly, and their real income may be determined much more by the prices of the food and cloth they buy than by wage increases. The second major way in which inequality can be reduced is by a reduction in the number of unemployed. Usually, the biggest difference in real income is between those who have a steady job and those who do not, and providing jobs reduces what is often the most serious inequity in many societies. The third step is to tax the consumption of the rich.

Policies to reduce the price of wage goods, increase jobs and tax the consumption of upper-income groups generally not only improve equity but also are desirable for growth. Policies to expand the use of water, fertiliser and new technology in agriculture are obviously highly desirable for growth. They may benefit primarily the larger cultivators and therefore be unfavourable for one aspect of equity. At the same time, however, greater output will improve equity through lower prices for wage goods and this effect may be dominant, so that both growth and equity objectives are met by policies to increase agricultural output. Similarly, it is usually true that the only way in which employment can be increased significantly is to step up the rate of growth, since relatively little can be done by way of changing the factor proportions. To tax the consumption of the rich and thereby increase the attractiveness of savings is desirable for growth as well as equity.

In mixed economies steps other than these three which are supposedly designed for equity reasons very often do harm growth, but do not really advance equity. They simply benefit the politically powerful middle-income groups, given a situation where influence, bribery, and political pressure are effective. There are many examples. Minimum wages for workers almost inevitably are limited to industrial workers in large plants who already form a middle class group (and sometimes not even lower middle class) in societies where the industrial labour force is small and where the really poor are the casual workers, landless labourers and the unemployed. The really poor may actually suffer in a labour surplus economy, as minimum wages for an elite group of workers reduce the number of jobs created. Fertiliser, water, and import licenses are sometimes allocated by government in order to assure equity by favouring smaller firms and farms. But given the fact that the rich and well organized are in a better position to influence government decisions, these steps very rarely do much to redress the unequal distribution of income. They may benefit the middle class at the cost of the rich, but they very rarely benefit the really poor.

There remains a basic question. I have suggested that once the technician accepts the economic system which the political machinery has produced, the conflict between growth and equity is often not a very serious one. But should the technician accept the system? If he contributes by his technical competence to improve the efficiency of the system, does he strengthen the status quo and simply delay a change in the framework which would mean either greater equity or growth, or perhaps both? Does the technician who accepts the capitalist or mixed system in Pakistan strengthen that system and thus helps to prevent a more radical change which would maintain growth and improve equity? Does the technician who works in Cuba or Guinea and improves the efficiency of that system, prevent reforms which could bring about both higher growth and greater freedom? Therefore, is the technician justified in accepting a political-economic framework with which he disagrees and thus provide support for its perpetuation? Does he in fact make a moral decision by working with governments and accepting their politically set goals?

It is quite possible that under some circumstances a technician who improves the efficiency of a system delays a fundamental change to a framework he would regard as far superior. But there are several questions that have to be asked before one can be sure that such is the case in many circumstances. First of all, it is very unclear whether greater economic efficiency which results in a higher growth rate is more likely to have a stabilising or de-stabilising effect on the political system, that is, whether stagnant or rapidly changing economies are more likely to result in political change. Therefore, the technician who wants to see a change in the basic political-economic framework may want to assist a country in achieving a higher rate of growth.

The second question to which the answer is very unclear is whether a radical change in the political-economic framework of most countries is likely to lead to an improvement for the mass of the people or a deterioration. Obviously, radical political change can lead to improvement. If one looks around the countries of this world, most economies are really a sad caricature of their potential for creating human welfare. So it is not difficult, for almost any country in the world, to conceive that the economy could be better managed. The issue is whether a radical change in the economic and political framework of most less developed countries is likely to be a change for the better, given the actual distribution of power in those countries. Comparing the countries that have opted for a high degree of equity - such as Burma, Indonesia during the Sukarno period, Ghana during the Nkrumah period, or Guinea - with India or Pakistan, or Ghana and Indonesia at present it is not at all clear in which of these countries at what time the great mass of people have been better off. It is similarly not obvious which system is better for most people - Cuba's or Venezuela's or Costa Rica's, Chile's or Mexico's, Iraq's or Iran's. Even more complex is the case of Brazil. Would the great mass of Brazilians have been better or worse off if there had been fewer economic difficulties a decade ago, and hence fewer reasons for a

military take-over, and instead there had been a continuation of the mixed economy and somewhat muddled government that existed earlier? As in the case of all such questions in the social sciences, there is no answer because there is no way of testing alternatives. But this kind of comparison suggests that some degree of humility is called for on the part of technicians, professionals, economists, and planners in deciding whether or not to work for a government that is not ideal. Can one confidently say that any government which does not aim to achieve both growth and equity is a government not worth working with, because the technician only helps to postpone the desirable and inevitable change to a system which will almost certainly be far superior and in which both objectives are likely to be achieved?

I have not really answered the basic moral questions which every professional must ultimately face. First, whether he should serve a particular government that opts for a particular weighting of objectives. Secondly, once he works for that government and finds that there is some small gray area in which his views carry some weight, how hard he should push and what objectives he should push for, keeping in mind the risk that strong advocacy may end his employment and usefulness? Thirdly, at what point should he say that the gray area has become too small or the objectives of the government differ too much from his own and therefore he must resign. I have not really answered these questions because I do not think any one can answer fundamental moral questions except for himself. All I have done is to suggest that the determination of the objective function which is to be maximized by a model or plan is very often not as crucial for the technicians as has been suggested in the literature, and that the role of the professional in decisions on the relative weight to be given to growth as against equity is a limited one.